



General Assembly

January Session, 2007

***Raised Bill No. 1403***

LCO No. 5316

\* \_\_\_\_SB01403FIN\_\_052207\_\_ \*

Referred to Committee on Appropriations

Introduced by:  
(APP)

***AN ACT MAKING REVISIONS TO THE TEACHERS' RETIREMENT  
SYSTEM IN ORDER TO REFLECT THE APPLICABILITY OF THE  
UNITED STATES INTERNAL REVENUE CODE TO CERTAIN  
PROVISIONS OF SAID SYSTEM.***

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1       Section 1. Subdivision (3) of section 10-183b of the general statutes is  
2       repealed and the following is substituted in lieu thereof (*Effective from*  
3       *passage*):

4       (3) "Annual salary" means the annual salary rate for service as a  
5       Connecticut teacher during a school year but not including unused  
6       sick leave, unused vacation, terminal pay, coaching or extra duty  
7       assignments, unless compensation for coaching or extra duty  
8       assignment was included in salary for which contributions were made  
9       prior to July 1, 1971. In no event shall annual salary include amounts  
10      determined by the board to be included for the purpose of inflating the  
11      member's average annual salary. The inclusion in annual salary of  
12      amounts paid to the member, in lieu of payment by the employer for  
13      the cost of benefits, insurance, or individual retirement arrangements  
14      which in prior years had been paid by the employer and not included

15 in the member's annual salary, shall be prima facie evidence that such  
 16 amounts are included for the purpose of inflating the member's  
 17 average annual salary. Annual salary shall not (A) include payments  
 18 the timing of which may be directed by the member, [ Annual salary  
 19 shall not] (B) include payments to a superintendent pursuant to an  
 20 individual contract between such superintendent and a board of  
 21 education, of amounts which are not included in base salary, or (C)  
 22 exceed the maximum amount allowed under Section 401(a)(17) of the  
 23 Internal Revenue Code of 1986, or any subsequent corresponding  
 24 internal revenue code of the United States, as from time to time  
 25 amended. Annual salary shall include amounts paid to the member  
 26 during a sabbatical leave during which mandatory contributions were  
 27 remitted, provided such member returned to full-time teaching for at  
 28 least five full years following the completion of such leave.

29 Sec. 2. Subdivision (7) of section 10-183b of the general statutes is  
 30 repealed and the following is substituted in lieu thereof (*Effective from*  
 31 *passage*):

32 (7) "Contributions" means amounts withheld pursuant to this  
 33 chapter and paid to the board by an employer from compensation  
 34 payable to a member. Prior to July 1, 1989, "mandatory contributions"  
 35 are contributions required to be withheld under this chapter and  
 36 consist of five per cent regular contributions and "one per cent  
 37 contributions". From July 1, 1989, to June 30, 1992, "mandatory  
 38 contributions" are contributions required to be withheld under this  
 39 chapter and consist of five per cent regular contributions and one per  
 40 cent health contributions. From July 1, 1992, to June 30, 2004,  
 41 "mandatory contributions" are contributions required to be withheld  
 42 under this chapter and consist of six per cent "regular contributions"  
 43 and one per cent health contributions. On or after July 1, 2004,  
 44 "mandatory contributions" are contributions required to be withheld  
 45 under this chapter and consist of six per cent regular contributions and  
 46 one and one-fourth per cent health contributions. "Voluntary  
 47 contributions" are contributions by a member authorized to be  
 48 withheld under section 10-183i. On and after January 1, 2007,

49 voluntary contributions shall be subject to the limitation imposed  
 50 under Section 415(c) of the Internal Revenue Code of 1986, or any  
 51 subsequent corresponding internal revenue code of the United States,  
 52 as from time to time amended.

53 Sec. 3. Subsection (a) of section 10-183g of the general statutes is  
 54 repealed and the following is substituted in lieu thereof (*Effective from*  
 55 *passage*):

56 (a) The normal retirement benefit shall be two per cent times the  
 57 number of years of full-time credited service and a proportional  
 58 fraction of two per cent times the number of years of credited service at  
 59 less than full-time multiplied by average annual salary. In no event,  
 60 however, shall such benefit exceed seventy-five per cent of such salary  
 61 or the maximum limits [mandated] imposed by Section 415(b) of the  
 62 Internal Revenue Code, or be less than three thousand six hundred  
 63 dollars.

64 Sec. 4. Section 10-183i of the general statutes is repealed and the  
 65 following is substituted in lieu thereof (*Effective from passage*):

66 A member may make voluntary contributions to the system and  
 67 may, no more than once, withdraw such voluntary contributions from  
 68 the system under rules of the board. On and after January 1, 2007,  
 69 voluntary contributions shall be subject to the limitation imposed  
 70 under Section 415(c) of the Internal Revenue Code of 1986, or any  
 71 subsequent corresponding internal revenue code of the United States,  
 72 as from time to time amended. Such contributions shall earn credited  
 73 interest. Upon retirement such member shall elect to receive the  
 74 accumulated contributions plus credited interest either in a lump sum  
 75 or in the form of an actuarially equivalent annuity for life. Such lump  
 76 sum or annuity shall be paid or commenced to be paid when the first  
 77 payment of such member's other retirement benefit is made. If such  
 78 member dies before the effective date of his or her retirement, the  
 79 accumulated contributions plus credited interest shall be paid to such  
 80 member's designated beneficiary.

This act shall take effect as follows and shall amend the following sections:

|           |                     |            |
|-----------|---------------------|------------|
| Section 1 | <i>from passage</i> | 10-183b(3) |
| Sec. 2    | <i>from passage</i> | 10-183b(7) |
| Sec. 3    | <i>from passage</i> | 10-183g(a) |
| Sec. 4    | <i>from passage</i> | 10-183i    |

***APP***      *Joint Favorable*

***FIN***      *Joint Favorable*